

**Amendment No. 3 to HB0518**

**Shaw  
Signature of Sponsor**

**AMEND Senate Bill No. 650**

**House Bill No. 518\***

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 3, Part 7, is amended by adding the following as a new appropriately designated section:

§ 4-3-7\_\_.

(a) The department of economic and community development shall create and administer a pool of funds that shall be used to establish a surety bond guarantee program for small and emerging contracts designated as small businesses, as defined in § 12-3-802. Moneys from the fund may be expended to guarantee bid, payment and performance bonds on contracts up to one million dollars (\$1,000,000) in value. The state may guarantee up to ninety percent (90%) of a surety bond amount of two hundred fifty thousand dollars (\$250,000) or less and up to eighty percent (80%) of a surety bond amount greater than two hundred fifty thousand (\$250,000), which surety bond is provided by an approved surety. In no event shall the total amount guaranteed under this program exceed three million dollars (\$3,000,000). The department may be entitled to receive a fee from a participating small business and may require any participating small business to set aside part of the subcontract amount as security for the surety bond or guarantee, or both. Any moneys deposited in the pool of funds shall remain in the reserve until expended for purposes consistent with such program and shall not revert to the general fund on any June 30. Any interest earned by deposits in the reserve shall not revert to the general fund on any June 30 but shall remain available for expenditure in subsequent fiscal years. The department is authorized to utilize up to five percent (5%) of the total funds



allocated for the program for administrative expenses, including but not limited to, program administration, marketing expenses and program evaluation.

(b) It is the legislative intent that the surety bond guarantee program be designed with consideration of fair distribution of program assistance among the geographic areas of the state, the grand divisions, and small and minority-owned businesses. It is the legislative intent that the assistance provided by this program be used to support outreach efforts to new, expanding, and existing small contractors in Tennessee that do not have reasonable access to surety bonds.

(c) The requirements of this section shall be subject to annual appropriations in the annual appropriations act.

SECTION 2. For purposes of rulemaking, this act shall take effect upon becoming law, the public welfare requiring it. For all other purposes, this act shall to effect July 1, 2009, the public welfare requiring it.